
ASSOCIATION HEALTH PLANS: REDUCE HEALTH INSURANCE PREMIUMS and HEALTH CARE COSTS

Smaller employers need access to affordable health insurance and in many cases, they do not have it. The cost of health care services continues to rise and drives the cost of health insurance premiums higher. Anything that can reduce the cost of health care for small employers and employees helps around the periphery, but innovation is needed. Association Health Plans (AHPs) are that innovation. Good benefits and health insurance coverage are inextricably intertwined with the ability to for smaller employers to hire and retain workers. AHPs will help level the playing field with larger businesses.

PROBLEM: Health insurance costs top the list of employers' concerns. A 2020 survey of Manufacturer & Business Association (MBA) members showed **88%** of respondents viewed health insurance costs as the number one concern that keeps them up at night. When asked "What are the next steps if insurance prices continue to increase?" the top responses include: 1) 68%—Share the cost of the increase with employees; 2) 60% – Move to a higher deductible plan than last year; and 3) 30% – No raises or bonuses for employees. None of these responses bode well for employers who want to retain existing employees and attract new workers.

We cannot ignore that in the first five years after Association Health Plans (AHPs) were discontinued, 25 percent of small businesses providing health insurance were no longer financially able to provide this benefit and that number has grown.

BACKGROUND:

Health Insurance Premium Costs

- "On average, small businesses paid about 8% to 18% more than large firms for the same health insurance policy."
...*Small and Large Business Health Insurance: State & federal Roles, National Conference of State Legislatures, September 12, 2018.*
- Since 2006, the average annual family premium for covered employees in small firms increased 78% from \$11,480 in 2006 to \$20,438 in 2020.
...*Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2020*

Health Insurance Offer Rates

- 30.8% of small employers with less than 10 employees offer health insurance.
- 48.3.8% of small employers with less than 50 employees offer health insurance.
- 78.9% of small employers with 25-99 employees offer health insurance.

...*Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, 2017 Medical Expenditure Panel Survey- Insurance Component*

Employees Share of Health Insurance Premium

- Workers in small firms on average contribute 35% of the premium for family coverage.
- 28% of workers in small firms are in a plan where they must contribute more than 50% of the premium for family coverage.
- The average deductible for workers at small firms is \$2,295.

...*Kaiser Survey of Employer-Sponsored Health Benefits, 2020*

MBA believes improvements can be made at the state level.

Surprise/Balance Billing

PROBLEM: Patients may suffer balance billing financial consequences as a result of very narrow provider networks – 5 of Pennsylvania's counties have only one insurer and many health care plans have narrow provider networks with very limited choices in order to cut down on costs. Networks may have a limited number of specialists

such as anesthesiologists and radiologists and possibly only one hospital. A financial problem occurs when an insured patient unknowingly receives services from an out-of-network provider and the patient is billed.

...Kaiser Family Foundation 2020 Insurer Participation on ACA Marketplaces

BACKGROUND:

“Balance bills” primarily occur in two circumstances:

- When an enrollee receives emergency care either at an out-of-network facility or from an out-of-network provider or
- When an enrollee receives elective nonemergency care at an in-network facility but is inadvertently treated by an out-of-network health care provider.

Since the insurer does not have a contract with the out-of-network facility or provider, it may decide not to pay the entirety of the bill. In that case, the out-of-network facility or provider may then bill the enrollee for the balance of the bill. Even though such a bill may be resolved without payment by the patient, the process itself can lead to long months of emotional and financial stress and damage the patient's credit.

...State Balance-Billing Protections, The Commonwealth Fund NOVEMBER 30, 2020

SOLUTION: Support Surprise/Balance Billing protection for consumers – At least 32 states now have laws protecting patients from surprise out-of-network bills. It provides for the protection of consumers of health care coverage against health care providers' surprise "balance" bills. While Pennsylvania is one of the 32 states, we are classified by the Commonwealth Fund as having as having partial balance billing protections. Federal legislation was passed in December 2020, but Pennsylvania is seeking additional consumer protections. Legislation should

- Ensure that consumers are only responsible for their in-network cost-sharing obligations.
- Instruct providers to bill insurers directly, while also allowing consumers to trigger protections if they do receive a balance bill.
- Establish a fair reimbursement amount for specialists who provide services on an out-of-network basis.
- Enhance the existing safety measures established in the Commonwealth with respect to health care and the growing costs for patients.

Restrictive Scope-of-Practice laws

BACKGROUND:

Scope-of-practice laws are state-specific restrictions that determine what tasks nurses, nurse practitioners, physician's assistants, pharmacists, and other healthcare providers may undertake in the course of caring for patients.

In one study pharmacists and lab technicians conducted low-cost medical tests and results showed they could accommodate routine medical testing in their current job duties. A broader scope-of-practice for these healthcare professionals can increase access to care without increasing cost.

Many studies also show that nurse practitioners (NPs) provide high-quality care, cost-effective care. In one analysis NPs in a physician practice, reduced the cost of patient visits by up to 33%.

PROBLEM: Pennsylvania has restricted scope-of-practice laws for NPs. They allow NPs to be primary care providers, diagnose medical conditions, develop, and implement treatment plans, order, and perform diagnostic tests, and deliver other health care services, but ONLY with a signed document called a written Collaborative Agreement with two licensed physicians. In contrast 23 states allow nurse practitioners to operate full practices. The mandated Collaborative Agreements are the remains of decades-old policy, established before the NP profession adopted proven, national standards. Fewer primary care givers mean higher costs, longer wait times, and patients who may have to drive much farther to see a doctor.

INNOVATIVE SOLUTION: During the pandemic Governor Wolf lowered the number of signed agreements obtained from a physician, from two to one. Pennsylvania should take the next step and permanently eliminate the mandate and move to a modern process for NP licensure: By increasing the number of providers, Pennsylvania could reduce the cost of care for residents and **increase access to care.** If all states allowed NPs to practice autonomously without physician oversight, one estimate puts the potential cost savings at \$810 million.

Transparency of Prescription Drug Costs

PROBLEM: Prescription drug cost transparency must be addressed at the state level.

... “The fastest rising cost in the health care system is the cost of prescription drugs and slowing or reversing this trend will help control health care costs nationwide. More troubling is that prescription drug prices are projected to continue to grow year over year for the foreseeable future, and they are growing at a rate faster than any other area of health care spending... Due to the interstate nature of pharmaceutical transactions, states are limited in their ability to tackle the issue of rising drug prices, with state solutions thus far mostly limited to addressing the need for transparency in pharmaceutical pricing” ...

... Adapted from Governor Wolf's March 1, 2019 letter to U.S. Senator Lamar Alexander, Chair, Health, Education, Labor and Pensions Committee

INNOVATIVE SOLUTION: Create an independent board to review high-cost prescription drug products. They can develop recommendations for addressing affordability burdens faced by residents, state and local government agencies, commercial health plans, health care providers, employers, pharmacies.

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